

The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza
New York, New York 10015

NO-023A043

Date JAN 23 1980

Fee \$ 50.00

ICC Washington, D. C.



CHASE

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

January 23, 1980

11413

RECORDATION NO. Filed 1425

JAN 23 1980 10 50 AM

INTERSTATE COMMERCE COMMISSION

Re: Chattel Mortgage on
Box Cars and Flat Cars

Dear Sir:

In accordance with the provisions and procedures of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1116 of Title 49 of the Code of Federal Regulations, it is respectfully requested that the document enclosed with this letter of transmittal be recorded and filed by the Interstate Commerce Commission pursuant to Section 1116 of said Title 49 of the Code of Federal Regulations.

The document is a chattel mortgage between St. Marys Railroad Company, 111 West 50th Street, New York, N.Y. 10020 as mortgagor and The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, N.Y. 10081 as mortgagee.

The equipment covered by the chattel mortgage are 955 70-ton 50 foot box cars, A.A.R. mechanical designation XM or XF, identifying marks SM, and serial numbers 2001 to and including 2155, 4001 to and including 4300 and 3001 to and including 3500, and 60 100-ton 68 foot bulkhead flat cars, A.A.R. mechanical designation FB, identifying marks SM, and serial numbers 6001 to and including 6060.

This chattel mortgage has not been previously recorded with the Interstate Commere Commission. Enclosed please find the \$50 recordation fee.

Kindly return the original document and the two extra counterparts with the ICC recording stamp affixed to Anthony K. Obst, Esq., Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, N.Y. 10005.

Very truly yours,

Cynthia M. Niesen

Cynthia M. Niesen
Second Vice President
The Chase Manhattan Bank, N.A.

Donna Lilly
C. Dunbar

Interstate Commerce Commission
Washington, D.C. 20423

1/23/80

OFFICE OF THE SECRETARY

Cynthia M. Niesen
The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza
New York, N.Y. 10015

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/23/80 at 10:50am, and assigned re-recording number(s). 11413

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

11413
RECORDATION NO. Filed 1425

JAN 23 1980 - 10 50 AM

INTERSTATE COMMERCE COMMISSION

ST. MARYS RAILROAD COMPANY

TO

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)

CHATTEL MORTGAGE

Dated as of January 23, 1980

955 Box Cars

60 Flat Cars

CHATTEL MORTGAGE

THIS INDENTURE, dated as of January 23, 1980, by and between St. Marys Railroad Company, a Georgia corporation having its chief place of business at 111 West 50th Street, New York, New York 10020 (hereinafter called the "Mortgagor"), and The Chase Manhattan Bank (National Association), a national banking association having its principal office at 1 Chase Manhattan Plaza, New York, New York 10081 acting for the benefit of the Lenders hereinafter described, as Mortgagee (hereinafter, as so acting, called the "Mortgagee").

WITNESSETH:

WHEREAS, Mortgagor has purchased or will purchase and owns or will own the railroad rolling stock described in Schedule A attached hereto (hereinafter, together with any standard gauge rolling stock (other than locomotives or passenger or work equipment) hereafter subjected to the lien of this mortgage as hereinafter provided, called the "Equipment"), which is intended for use in interstate commerce;

WHEREAS, pursuant to a loan agreement dated as of July 1, 1979 (hereinafter, as at any time amended, called the "Loan Agreement") (i) The Chase Manhattan Bank (National Association) (herein in its capacity as Lender called "Chase") and Bankers Trust Company (herein, together with Chase, collectively called the "Lenders" and individually called a "Lender") each has agreed to lend to Mortgagor the sum of \$20,000,000 (hereinafter individually called a "Loan" and collectively called the "Loans") with which Mortgagor has agreed to purchase certain box cars and flat cars, and (ii) Mortgagor has agreed in the Loan Agreement to execute and deliver this mortgage to secure Mortgagor's obligation to repay the Loans and its other obligations under the Loan Agreement and hereunder;

Now, Therefore, for the purpose of securing the repayment of the Loans with interest as provided herein and in the Loan Agreement, the payment of all other moneys secured hereby and by the Assignment, and the performance of the covenants herein and in the Loan Agreement and the Assignment contained;

First: Mortgagor does hereby grant, bargain, sell, convey and mortgage unto Mortgagee, its successors and assigns, all of its right, title and interest to the units of Equipment particularly described in said Schedule A and all other Equipment hereafter subjected to the lien of this mortgage as hereinafter provided, together with all attachments, accessories, accessions and additions now or hereafter attached to or placed upon the Equipment, and any replacements thereof and any proceeds thereof;

To Have and to Hold the Equipment unto Mortgagee and its successors and assigns forever; provided, however, that if Mortgagor shall perform or cause to be performed and carried out each of Mortgagor's warranties and covenants herein contained and particularly shall pay or cause to be paid to Mortgagee, its successors or assigns, for the redemption of the Equipment, the amount of the Loans and all other sums secured hereby, together with all interest thereon, according to the terms and provisions of this mortgage and of the Loan Agreement, or according to the terms of any modification hereof or thereof, and if (after the occurrence of any default, breach of any covenant or warranty made herein by Mortgagor, or any Event of Default hereinafter mentioned) this mortgage or the Loans shall be placed with an attorney for collection of the aforesaid debt, or any part thereof, then an additional sum equal to the reasonable fees of said attorney, or, if the amount of said attorney's fees is in violation of any statute or rule of law, then as large an amount, if any, as shall by law be permitted, then this mortgage shall be void; otherwise, to remain in full force and effect; and provided, further, that until default be made in the performance of the conditions aforesaid, or breach of any covenant or warranty made herein by Mortgagor, or the occurrence of any Event of Default hereinafter mentioned, Mortgagor shall be entitled to retain possession of the Equipment and to use and enjoy the same in accordance with the provisions of this mortgage, but in case of any such default or breach, or the happening of any such Event of Default, Mortgagee, its successors and assigns, shall then have all the rights and remedies provided by law in such cases, including therein, but not by way of limitation thereon, those rights and remedies set forth in this mortgage and in the Loan Agreement, and

Second: Mortgagor covenants, represents and warrants as follows:

Article 1. Definitions. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this mortgage shall have the respective meanings hereinafter specified:

Cost, when used with respect to Equipment shall mean the actual cost thereof.

Engineer's Certificate shall mean a certificate signed by a person appointed by Mortgagor who shall be an engineer, appraiser or other expert, as the case may require. Such engineer, appraiser or other expert may be an officer or employee of Mortgagor.

Equipment shall have the meaning specified in the first recital hereof.

Event of Default shall mean any event specified in Article 10 hereof to be an Event of Default.

Interchange Agreement shall mean the agreement among certain railroad companies providing for the handling of and settlement for railroad freight cars promulgated by the Association of American Railroads as contained in Circular No. OT-10-F in effect as of July 1, 1978, as from time to time supplemented or amended.

Investment Securities shall mean bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of the interest and principal, in any such case having a final maturity not in excess of 90 days from acquisition thereof by Mortgagee as herein provided.

Lessees shall mean various railroads and others who, with Mortgagor, are parties to the Interchange Agreement.

Loan and Loans shall have the meaning specified in the second recital hereof.

Loan Agreement shall have the meaning specified in the second recital hereof.

Mortgagee shall mean The Chase Manhattan Bank (National Association), a national banking association, and its successors and assigns, acting on behalf of the Lenders.

Mortgagor shall mean St. Marys Railroad Company, a Georgia corporation, and its successors and assigns.

Officers' Certificate shall mean a certificate signed by the Chairman of the Board or the President, any Senior Vice President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of Mortgagor. Each such certificate shall include the statements provided for in Article 15 hereof.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel who shall be satisfactory to Mortgagee and who may be an employee of or of counsel to Mortgagor. Each such opinion shall include the statements provided for in Article 15 hereof. The acceptance by Mortgagee of, and its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to Mortgagee.

Replacement Funds shall have the meaning specified in Article 7 hereof.

Request shall mean a written request for the action therein specified, delivered to Mortgagee, dated not more than ten days prior to the date of delivery to Mortgagee and signed on behalf of Mortgagor by the Chairman of the Board or the President or a Senior Vice President or a Vice President or the Treasurer of Mortgagor.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this mortgage as a whole and not to any particular Article, paragraph or subdivision hereof.

Article 2. Payment. Mortgagor will pay in immediately available funds the amount of the Loans, and all other sums secured hereby, together with all interest thereon, according to the terms and provisions of this mortgage and of the Loan Agreement, or according to the terms of any modification hereof or thereof, when and as the same shall become due and payable.

Article 3. Substitution and Replacement of Equipment.

(1) Upon Request, Mortgagee shall, at any time and from time to time, release from the lien of this mortgage any or all of the Equipment; provided, however, that none of the Equipment shall be so released (except as provided in Article 17 hereof) unless simultaneously (a) there shall be subjected to the lien of this mortgage, in substitution for the Equipment so released, other Equipment of a fair value to Mortgagor not less than the fair value, as of the date of such Request, of the Equipment so released or (b) there shall be paid to Mortgagee cash in an amount not less than the fair value, as of said date, of the Equipment so released.

(2) At the time of delivery of any Request pursuant to the first paragraph of this Article 3, Mortgagor shall, if other Equipment is to be subjected to the lien of this mortgage in substitution for the Equipment to be released, deliver to Mortgagee the following papers:

(A) an Engineer's Certificate stating (i) the fair value, as of the date of said Request, of the Equipment so to be released, (ii) the fair value to Mortgagor of such substituted units of Equipment as of such date and (iii) the detailed computations used to ascertain said fair values;

(B) an Officer's Certificate stating (i) the date each unit of Equipment so to be released was first put into use (or that such unit was first put into use not later than a specified date), (ii) the original Cost of each unit of the Equipment so to be substituted and the date it was first put into use (or that such unit was first put into use not earlier than a specified date), (iii) that each such unit so to be substituted is Equipment as herein defined, (iv) that no Event of Default and no event which, with the lapse of time or the notice and lapse of time specified in Article 10, would become such an Event of Default has occurred and is continuing and (v) that, in the opinion of the signers, all conditions precedent provided for herein, relating to such substitution, have been complied with;

(C) an executed counterpart of a supplement hereto, in substantially the form of Schedule B hereto, subject-

ing such substituted Equipment to the lien of this mortgage; and

(D) an Opinion of Counsel to the effect (i) that Mortgagor has good and valid title to each unit of such substituted Equipment, free and clear of all mortgages, liens, pledges, charges, security interests and other encumbrances, other than the lien of this mortgage, (ii) that such supplement is valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to subject such substituted Equipment to the lien of this mortgage, free from all other mortgages, liens, pledges, charges, security interests and other encumbrances (except as permitted herein), and (iii) that, in the opinion of such counsel, all conditions precedent provided for herein, relating to such substitution, have been complied with.

(3) At the time of delivery of any Request pursuant to the first paragraph of this Article 3, Mortgagor shall, if cash is to be paid to Mortgagee in respect of the Equipment to be released from the lien of this mortgage, deliver to Mortgagee papers corresponding to those set forth in paragraph (2) of this Article 3 insofar as they relate to the action requested.

(4) Cash deposited with Mortgagee pursuant to this Article 3 or pursuant to Article 5 hereof shall be held by Mortgagee as additional collateral hereunder but shall, from time to time, be paid over by Mortgagee to Mortgagor upon Request, against the mortgaging to Mortgagee as hereinabove provided of additional Equipment having a fair value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by Mortgagor with all of the provisions of paragraph (2) of this Article 3 (including an Engineer's Certificate corresponding to that required by subparagraph (A) of said paragraph with respect to said Equipment) insofar as they relate to the action requested.

(5) For all purposes of this Article 3, fair value shall be determined as follows (and the manner of such determination shall be set forth in each Engineer's Certificate furnished in respect thereof, including a statement of actual fair value or fair value to Mortgagor, as the case may

be, without reference to the provisions of subdivisions (b) of subparagraphs (A) and (B) of this paragraph):

(A) The fair value of any unit of Equipment released from the lien of this mortgage as provided in this Article 3 shall be deemed to be the greater of (a) the actual fair value thereof or (b) the Cost thereof as then or theretofore certified to Mortgagee less 1/20th of such Cost for each full period of one year elapsed between the date such unit was first put into use as certified to Mortgagee and the date as of which fair value is to be determined.

(B) The fair value to Mortgagor of any unit of Equipment subjected to the lien of this mortgage as substituted Equipment as provided in this Article 3 shall be deemed to be the lesser of (a) the actual fair value thereof to Mortgagor or (b) the Cost of such unit, if new, or, in case of any unit of Equipment not new, (i) the depreciated book value thereof on the books of the owner thereof, as of the date of the mortgaging thereof to Mortgagee, or (ii) the Cost thereof, less 1/20th of such Cost for each full period of one year elapsed between the date such unit was first put into use and the date of the mortgaging thereof to Mortgagee, whichever shall be less.

Article 4. Marking of Equipment. Mortgagor agrees that if the Opinion of Counsel specified in Article 5 hereof shall not be delivered to Mortgagee as provided in said Article 5 or if, in the opinion of Mortgagee, marking of one or more units of Equipment is required by law to properly protect the rights of Mortgagee in and to the Equipment, Mortgagor will, as soon as practicable after determining that such marking is required or after August 1 in any year in which it fails to deliver the aforementioned Opinion of Counsel, arrange for the marking of each such unit of the Equipment in the following manner: there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each such unit a metal plate bearing the following words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such unit, in either case in letters not less than one inch in height:

THIS CAR IS MORTGAGED TO THE CHASE MANHATTAN BANK, N.A. AS MORTGAGEE UNDER A CHATTEL MORTGAGE RECORDED UNDER THE INTERSTATE COMMERCE ACT (49 USC 11303).

Such plates or marks shall be such as to be readily visible and as to indicate plainly Mortgagee's interest in each unit of the Equipment.

In case, prior to the termination of this mortgage, any of such plates or marks shall at any time be removed, defaced or destroyed, Mortgagor shall forthwith cause the same to be restored or replaced. Mortgagor shall not change, or permit to be changed, the identifying numbers (as set forth on Schedule A hereto or in any supplement hereto) of any of the Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Mortgagee by Mortgagor and also filed and recorded in like manner as this mortgage.

The Equipment may be lettered "ST. MARYS RAILROAD COMPANY" or in some other appropriate manner for convenience of identification of the ownership by Mortgagor thereof and may also be lettered in such manner as may be appropriate for convenience of identification of the interests therein of any of the Lessees under the Interchange Agreement; but Mortgagor, during the continuance of this mortgage, will not allow the name of any person to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by any person other than Mortgagor, or as an indication of any lien, security interest or other encumbrance thereon (except the interests of the Lessees as aforesaid) other than the lien of this mortgage in favor of Mortgagee.

Article 5. Maintenance of Equipment. Mortgagor agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, lost or destroyed. Whenever any of the Equipment shall become worn out, unsuitable for use, lost or destroyed, or is requisitioned, taken over or nationalized by any governmental agency under the power of eminent domain or otherwise (any such event being hereinafter sometimes called a "Casualty Occurrence"), Mortgagor shall forthwith deliver to

Mortgagee an Engineer's Certificate describing such Equipment and stating the fair value thereof as of the date such Equipment became worn out, unsuitable for use, lost or destroyed, or was so requisitioned, taken over or nationalized. When such fair value of all the Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a deposit shall have been made with Mortgagee pursuant to this Article 5) shall amount to \$250,000 (or such lesser amount as Mortgagor may elect), Mortgagor shall forthwith deposit with Mortgagee an amount in cash equal to such fair value. Cash deposited with Mortgagee pursuant to this Article 5 shall be held and applied as provided in paragraph (4) of Article 3 hereof. For all purposes of this paragraph, fair value shall be determined in the manner provided in subparagraph (A) of the final paragraph of Article 3 hereof.

Mortgagor covenants and agrees to furnish to Mortgagee, whenever required by Mortgagee, and at least once, on or before August 1, in every calendar year commencing with the year 1980 and thereafter throughout the term hereof, (a) an Officers' Certificate, dated as of the preceding April 30, stating (1) the amount, description and numbers of all Equipment that may have become worn out, or that may have become unsuitable for use or lost or destroyed by accident or otherwise, or have been requisitioned, taken over or nationalized, in any such case since the date of the last preceding statement (or the date of this mortgage in the case of the first statement), and (2) that in the case of all the Equipment repainted or repaired since the date of the last preceding statement (or the date of this mortgage in the case of the first statement) the plates or marks required by Article 4 hereof, if any, have been preserved, or that such Equipment when repainted or repaired has been again plated or marked as required thereby and (b) if such be the case, an Opinion of Counsel to the effect that the marking of one or more units of Equipment as provided in said Article 4 is not required by law to properly protect the rights of the Mortgagee in and to the Equipment. Mortgagee, by its agents, shall have the right once in each calendar year to inspect the Equipment at the then existing locations thereof.

Mortgagor further covenants and agrees to furnish to Mortgagee, whenever required by Mortgagee, an Officers'

Certificate stating, as to the Interchange Agreement as then in effect, the name and address of each Lessee thereunder, the identifying number of each unit of the Equipment subject thereto, and the expiration date thereof, and also stating the identifying number of each unit of the Equipment not then subject to the Interchange Agreement. All policies, binders and other interim contracts of such insurance shall be executed and issued in the name of the Mortgagor and shall provide that loss be payable to the Mortgagee for distribution by it to itself and the Mortgagor as their interests may appear and shall provide for at least 30 days' prior notice to be given the Mortgagee by the underwriters in the event of cancellation.

Mortgagor further covenants and agrees to maintain insurance, including mortgagee's single interest insurance, on the Equipment in responsible insurance companies, in such amounts of lawful money of the United States and against such risks as shall be satisfactory to the Mortgagee and will provide evidence of such insurance in form and substance satisfactory to the Mortgagee.

Article 6. Possession of Equipment. Except as provided in this Article 6, Mortgagor will not assign or transfer its rights hereunder, or sell, assign, lease, transfer or otherwise dispose of, or subject to, or permit to become subject to, any mortgage, lien, pledge, charge, security interest or other encumbrance (other than the lien of this mortgage) the Equipment or any part thereof, without the written consent, of Mortgagee first had and obtained; and Mortgagor shall not, without such written consent except as hereinbelow in this Article 6 provided, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Equipment. An assignment or transfer to a corporation which shall acquire all or substantially all of the property of Mortgagor and which, by execution of an appropriate instrument satisfactory to Mortgagee, shall assume and agree to perform each and all of the obligations and covenants of Mortgagor hereunder and under the Loan Agreement shall not be deemed a breach of this covenant; provided that upon consummation of such assignment or transfer the financial condition of the assignee or transferee shall not be materially weaker than that of Mortgagor prior to such transaction. The appointment of a receiver or receivers in equity or reorganization or a trustee or trustees in bankruptcy or reorganization for Mortgagor or

for its property shall not be deemed an unauthorized assignment if, prior to any action by Mortgagee to exercise the remedies herein provided, such receiver or receivers or trustee or trustees shall be discharged or such receiver or receivers or trustee or trustees shall, pursuant to court order or decree, in writing duly assume and agree to pay or perform each and all of the obligations and covenants of Mortgagor hereunder and under the Loan Agreement, in such manner that such obligations shall have the same status as obligations incurred by such receiver or receivers or trustee or trustees.

So long as Mortgagor shall not be in default under this mortgage, Mortgagor shall be entitled to the possession and use of the Equipment in accordance with the terms hereof, and Mortgagor may also lease or contract to the Lessees under the Interchange Agreement all or any part of the Equipment, but only upon and subject to all the terms and conditions of this mortgage, and to all rights of Mortgagee hereunder.

The Interchange Agreement may provide that any Lessee thereunder, so long as it shall not be in default under the Interchange Agreement, shall be entitled (subject to the rights of Mortgagee) to the possession of the Equipment included in the Interchange Agreement and the use thereof, and, subject to the provisions of Article 4 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the interest of such Lessee therein without obscuring the marking of Mortgagee's interest as provided in Article 4.

Article 7. Funds May be Held by Mortgagee; Investments in Investment Securities. Any money at any time paid to or held by Mortgagee hereunder until paid out or applied by Mortgagee as herein provided may be carried by Mortgagee on deposit with itself, and, if and to the extent permitted by applicable law or regulations of governmental authorities having jurisdiction over Mortgagee, it may, but shall not be required to, allow interest upon any such moneys held by it at the rate generally prevailing among New York City banks and trust companies or allowed by it upon deposits of a similar character.

At any time, and from time to time, if at the time no Event of Default (or event which with notice or lapse of

time or both would become such an Event) shall have occurred and be continuing, Mortgagee, on Request shall invest and reinvest cash deposited with it pursuant to Article 3 or Article 5 hereof (hereinafter in this Article 7 called "Replacement Funds"), in Investment Securities, at current market prices, including any premium and accrued interest, as are set forth in such Request, such Investment Securities to be held by Mortgagee as additional collateral hereunder (but all losses in respect of any such investments shall be for the account of Mortgagor and Mortgagor shall forthwith upon demand by Mortgagee deposit with Mortgagee any cash necessary to restore to Replacement Funds any amounts lost in respect of any Investment Securities purchased in accordance with this paragraph).

Mortgagee shall, on Request, or Mortgagee may, in the event funds are required for payment against delivery of Equipment, sell such Investment Securities, or any portion thereof, and promptly restore to Replacement Funds the proceeds of any such sale up to the amount paid for such Investment Securities, including accrued interest.

Mortgagor, if not to the knowledge of Mortgagee in default under the terms hereof, shall be entitled to receive any interest allowed as provided in the first paragraph of this Article 7, and any interest or other profit which may be realized from any sale or redemption of Investment Securities.

Article 8. Compliance With Laws and Rules. During the term of this mortgage, Mortgagor will comply, and will cause each of the Lessees to comply, in all respects, with all laws of the jurisdictions in which operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the operation or use of the Equipment; and in the event that such laws or rules require the alteration of the Equipment, Mortgagor will give notice thereof to Mortgagee, and will, or will cause the appropriate Lessees to, conform therewith, at its or their expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Mortgagor or any such Lessee may, in good

faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Mortgagee, adversely affect the rights of Mortgagee hereunder.

Article 9. Taxes and Other Liens. Mortgagor will pay or cause to be paid, or otherwise satisfy and discharge, any and all taxes and any and all sums claimed by any party by, through or under Mortgagor or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof, equal or superior to the lien of Mortgagee thereon, but shall not be required to pay or discharge any such tax or other claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of Mortgagee, adversely affect the lien or rights of Mortgagee hereunder.

If the Federal Government or any state or subdivision thereof now or hereafter imposes, or increases or extends any existing tax, internal revenue tax, war tax, excise tax, manufacturer's or sales tax, import, export, impost or other charge or tax of any kind on the Equipment or any unit thereof or in respect of any other matters connected therewith, and if such tax is in any wise payable by Mortgagee, the amount of such tax shall be added to and shall be and become a part of the sums secured by this mortgage, and shall immediately without demand be due and be repaid by Mortgagor to Mortgagee.

Article 10. Defaults and Certain Remedies. In the event that any one or more of the following events of default (hereinafter called "Events of Default") shall occur and be continuing, to wit:

(a) Mortgagor shall fail to pay in full any sum payable by it as herein or in the Loan Agreement provided when such sum shall become due and payable; or

(b) Mortgagor shall refuse, or for more than thirty (30) days after Mortgagee shall have demanded in writing performance thereof shall fail, to comply with any covenant, agreement, term or provision of this mortgage on its part to be kept and performed or to make provisions satisfactory to Mortgagee for such compliance; or

(c) An Event of Default under the Loan Agreement shall have occurred and shall not have been remedied; or

(d) Mortgagor shall make or suffer any unauthorized assignment or transfer of any unit of the Equipment or of the right to possession of any thereof; or

(e) The Equipment, or any unit thereof, shall be attached, distrained or otherwise levied upon and such attachment, distraint or levy shall not be vacated within ten days; or

(f) Mortgagor shall make an attempt to sell or convert the Equipment or any unit thereof; or

(g) Any material representation made by the Mortgagor herein or in the Loan Agreement or in any certificate or other instrument delivered under or pursuant to any provision hereof or thereof shall prove to have been false or incorrect in any material respect on the date as of which made; or

(h) Any default of Mortgagor, for ten (10) days after the same shall have become due and payable, in making any payment due in respect of an obligation, if the aggregate unpaid principal amount of all such obligations as to which Mortgagor is so in default exceeds \$1,000,000,

(i) for borrowed money (other than the Loans),
or

(ii) under a lease which has been or in accordance with generally accepted accounting principles should be capitalized upon Mortgagor's books

except, in either such case, an obligation which is being contested in good faith and by proper proceedings by Mortgagor;

then or at any time after the occurrence of such an Event of Default the entire unpaid balance of the indebtedness secured by this mortgage shall, at the election of Mortgagee, become and be immediately due and payable upon written notice by Mortgagee to Mortgagor; and this mortgage may, at Mortgagee's option (notice of the exercise of which

option is hereby expressly waived) be foreclosed by action or in any other manner provided by law; and Mortgagee is further authorized to enter any premises of Mortgagor or other place where the Equipment or any unit thereof may be, and take possession of the Equipment or any unit thereof, and remove the same without notice or demand and with or without legal procedure (said notice and demand, and also any right or action for trespass or damages being hereby waived) and sell the same (and any Investment Securities then held by it under Article 7 hereof) for cash or on credit at public or private sale and with or without advertisement, applying the moneys arising from such sale (and any cash on deposit with it under Article 3 or Article 5 hereof) first, toward the payment of the expenses of such sale and of the taking of possession of said Equipment, and second, toward the payment of all unpaid indebtedness secured hereby, together with interest thereon at the rate or rates specified in the Loan Agreement to the date the same became due and thereafter until paid at the Penalty Rate specified in the Loan Agreement and any other sums secured hereby, paying the surplus, if any, to Mortgagor. If for any cause, the proceeds of said Equipment (and Investment Securities) and cash (if any) fail to satisfy such indebtedness, interest, sums and expenses, Mortgagor covenants and agrees to pay the deficiency together with interest thereon at the Penalty Rate specified in the Loan Agreement. Any sale hereunder may be held or conducted at such time or times and at such place or places as Mortgagee may fix, in one lot and as entirety, or separate lots, and without the necessity of taking possession of the Equipment or any thereof or of gathering at the place of sale the property to be sold, and in general in such manner as Mortgagee may determine; provided that Mortgagor shall be given notice of such sale by telegram or registered mail not less than ten days prior thereto. No purchaser at any such sale shall be under any obligation to see to the application of the proceeds of sale or to inquire into the authority of Mortgagee or its agent or other substitute to make such sale. At any sale made as aforesaid, Mortgagee, its successors and assigns, may fairly and in good faith purchase the Equipment (or Investment Securities, if any) or any part of either thereof, and in payment of the purchase price Mortgagee shall be entitled to have credited on account thereof all sums due to Mortgagee from Mortgagor on the indebtedness secured hereby. In the event Mortgagee shall take possession of the Equipment or any part thereof, as

hereinabove provided, it shall have the right to take possession of any and all other property in or upon or attached to the Equipment. If Mortgagor shall fail to remove such other property within five days after such taking, Mortgagee may place such other property in storage for the account of and at the expense of Mortgagor.

The foregoing is subject to all mandatory provisions of applicable law; the invalidity of any remedy in any jurisdiction shall not invalidate such remedy in any other jurisdiction, and the invalidity and unenforceability of any of the remedies herein provided shall not in any way affect the right to enforcement in such jurisdiction or elsewhere of any of the other remedies herein provided.

Article 11. Demand for Possession of the Equipment by Mortgagee. In case Mortgagee shall rightfully demand possession of the Equipment or any unit thereof in pursuance of this mortgage and shall designate a point or points (which may, but need not, be upon premises occupied by Mortgagor) for delivery of the Equipment or any unit thereof to Mortgagee, Mortgagor will at its own expense forthwith cause the Equipment or any such unit thereof to be moved to such point and there delivered to Mortgagee; and, at the option of Mortgagee, Mortgagee may keep the Equipment or any unit thereof on any lines of railroad or premises approved by it, at the expense of Mortgagor, until Mortgagee shall have disposed of the same. The provisions of this Article 11 are of the essence of this mortgage and, upon application to any court of equity having jurisdiction in the premises, Mortgagee shall be entitled to a decree against Mortgagor requiring specific performance hereof, and Mortgagor will pay to Mortgagee upon demand all expenses, including reasonable attorneys' fees, in connection with obtaining such decree and all such expenses, with interest thereon at the Penalty Rate specified in the Loan Agreement, constitute a further lien on the Equipment.

Article 12. Enforcement of Remedies, etc. Mortgagee shall have the right to exercise or enforce one or more rights, powers or remedies hereunder, successively or concurrently, and such action shall not prevent Mortgagee from exercising or pursuing any further right, power or remedy which it may have hereunder or by virtue of any statute or rule of law; and no repossession or retaking or sale of the Equipment or any part thereof, nor the fore-

closure of this mortgage, pursuant to the terms thereof or as provided by law, shall release Mortgagor until full payment has been made to Mortgagee, in cash, of all amounts secured hereby. To the extent it lawfully may, Mortgagor hereby waives the right to remove any legal action from the court originally acquiring jurisdiction. In the event Mortgagor shall fail or refuse to deliver the Equipment to Mortgagee or its assigns promptly after Mortgagee shall have made demand therefor, at a time when Mortgagor shall be in default hereunder, Mortgagor shall be obligated to pay to Mortgagee or its assigns forthwith, a sum equal to the sum of all Mortgagee's costs and expenses in the locating and taking possession of the Equipment. Payment of such sum shall be secured by this mortgage the same as if originally included in the debt secured hereby.

Article 13. Extension Not a Waiver. No delay or omission in the exercise of any power or remedy herein provided or otherwise available to Mortgagee shall impair or affect Mortgagee's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence granted to Mortgagor shall not otherwise alter or affect Mortgagee's rights or Mortgagor's obligations hereunder. Mortgagee's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect Mortgagor's obligations or Mortgagee's rights hereunder with respect to any subsequent payments or any prior or subsequent default hereunder.

Article 14. Recording. Mortgagor will at its expense cause this mortgage and any assignments hereof, and any supplements hereto, to be filed and recorded with the Interstate Commerce Commission in accordance with the Interstate Commerce Act (49 USC 11303) and the regulations promulgated thereunder; and Mortgagor will at its expense from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record any and all further instruments required by law or reasonably requested by Mortgagee for the purpose of proper protection, to the satisfaction of counsel for Mortgagee, of its lien on the Equipment and its rights under this mortgage or for the purpose of carrying out the intention of this mortgage.

Promptly after the execution and delivery of this mortgage and each supplement hereto, Mortgagor will furnish to Mortgagee an Opinion of Counsel stating that, in the opinion

of such counsel, this mortgage or such supplement, as the case may be, has been properly recorded and filed in compliance with the preceeding paragraph of this Article 14 and reciting the details of such action. Mortgagor shall furnish to Mortgagee, not later than February 1 in each year, commencing with the year 1980, an Opinion of Counsel stating either that, in the opinion of such counsel, (i) such action has been taken with respect to the recording, filing and registering and rerecording, refiling and reregistering of this mortgage and each supplement hereto as is necessary to comply with the preceding paragraph of this Article 14 and reciting the details of such action or (ii) no such action is necessary for such purpose. In rendering any such opinion, such counsel may conclusively rely upon an Officer's Certificate as to the location of the Equipment.

Article 15. Required Statements. Each certificate or opinion provided for in this mortgage and delivered to Mortgagee with respect to compliance with a condition or covenant provided for in this mortgage shall include (a) a statement that the person making such certificate or opinion has read such condition or covenant; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based and including detailed computations used to ascertain any calculated amounts; (c) a statement that, in the opinion of such person, such person has made such examination or investigation as is necessary to enable such person to express an informed opinion as to whether or not such condition or covenant has been complied with; and (d) a statement as to whether or not in the opinion of such person, such condition or covenant has been complied with.

Article 16. Applicable State Law. This mortgage shall be construed in accordance with the laws of the State of New York and the rights and remedies of the parties hereunder shall be determined in accordance with such law, except to the extent that the law of some other jurisdiction within the United States of America may be mandatorily applicable to proceedings taken for the enforcement of the rights of Mortgagee; provided, however, that any remedies herein provided which are valid under the laws of jurisdictions where proceedings for the enforcement hereof are taken shall not be affected by an invalidity thereof under the laws of New York. Any provision of this mortgage prohibited by law

shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. An executed copy of this instrument has been delivered to and received by Mortgagor.

Article 17. Release. Upon payment by Mortgagor to Mortgagee of the whole amount of all sums secured hereby and the performance by Mortgagor of all other covenants, conditions and warranties on its part hereunder, Mortgagee shall, at Mortgagor's expense, execute such instruments and take such other action as may be reasonably requested by Mortgagor in order to discharge this mortgage of record.

Article 18. Binding on Successors and Assigns. All terms, conditions and covenants herein contained shall be binding upon and inure to the benefit of the successors and assigns of Mortgagee, and shall be binding upon the successors and assigns of the Mortgagor.

Article 19. Counterparts. This mortgage may be executed simultaneously in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, the day, month, and year first above written.

ST. MARYS RAILROAD COMPANY,
Mortgagor

[Seal]

Attest:

A. B. Chasig
Assistant Secretary

By

Paul Siegel
Title: *Treasurer*

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
as mortgagee for the benefit
of the Lenders referred to
herein

[Seal]

Attest:

By

Lee C. Stewart
Title: *Second Vice President*

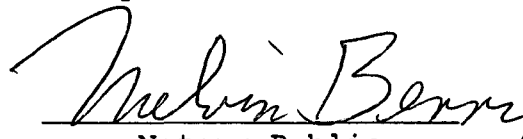
James D. Kelly
ATTEST

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the 17 day of JANUARY, 1980, before me personally came ALAN R. SIEGEL, to me known, who, being by me duly sworn, did depose and say that he resides at 50 BARNSDALE RD. SHORT HILLS, NJ; that he is TREASURER of St. Marys Railroad Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

[Seal]

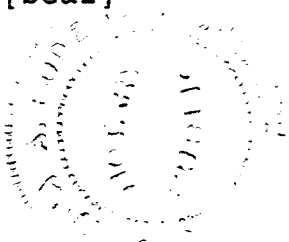
MELVIN BERRY
Notary Public State of New York
No 60-0274925
Qualified in Westchester County
Commission Expires March 30, 1981

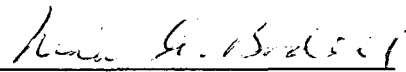

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the 22 day of January, 1980, before me personally came WILLIAM C. STEINWART, to me known, who, being by me duly sworn, did depose and say that he resides at 315 E. 80 ST., N.Y.C., N.Y.; that he is a Senior Vice Pres. of the Chase Manhattan Bank (National Association), one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

[Seal]




Notary Public
NINA A. BODELL
Notary Public, State of New York
No. 31-0334675
Qualified in New York County
Commission Expires March 30, 1981

SCHEDULE A
DESCRIPTION OF EQUIPMENT

955 70-ton 50 foot box cars owned by St. Marys Railroad Company and mortgaged to The Chase Manhattan Bank (National Association)

<u>Quantity</u>	<u>A.A.R. Car Type-Code</u>	<u>Identifying Marks</u>	<u>Serial Numbers</u>
955	XM or XF	SM	2001 to and including 2155; 4001 to and including 4300; and 3001 to and including 3500.

60 100-ton 68 foot bulkhead flat cars owned by St. Marys Railroad Company and mortgaged to The Chase Manhattan Bank (National Association)

<u>Quantity</u>	<u>A.A.R. Car Type-Code</u>	<u>Identifying Marks</u>	<u>Serial Numbers</u>
60	FB	SM	6001 to and including 6060.

SCHEDULE B

SUPPLEMENT TO CHATTEL MORTGAGE

THIS SUPPLEMENT TO CHATTEL MORTGAGE dated _____, 19____, from ST. MARYS RAILROAD COMPANY, a Georgia corporation, having its principal place of business at 111 West 50th Street, New York, New York 10020 (hereinafter called the "Mortgagor"), as Mortgagor, to THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association having its principal office at 1 Chase Manhattan Plaza, New York, New York 10015 (hereinafter called the "Mortgagee"), as Mortgagee.

WHEREAS, the Mortgagor has heretofore executed and delivered to the Mortgagee a Chattel Mortgage dated January 23, 1980 (hereinafter, as at any time supplemented or amended, called the "Original Mortgage"), covering certain railroad Box Cars and Flat Cars of the Mortgagor, to secure loans made to the Mortgagor under a Loan Agreement (hereinafter, as at any time supplemented or amended, called the "Loan Agreement"), dated as of July 1, 1979 between the Mortgagor and Mortgagee and all obligations of the Mortgagor under the Original Mortgage and under the Loan Agreement, all as provided in the Original Mortgage;

WHEREAS, the Original Mortgage has been duly recorded pursuant to the Interstate Commerce Act, as amended, on _____, 1980 at _____M. with Recordation No. _____ of the Interstate Commerce Commission;

*WHEREAS, the Mortgagor has, as provided in the Original Mortgage and the Loan Agreement, heretofore executed and delivered to the Mortgagee (a) Supplement(s) to Chattel Mortgage for the purpose of specifically subjecting

* This recital not to be included in the first Supplement to Chattel Mortgage.

to the lien of the Original Mortgage certain additional railroad Box Cars and/or Flat Cars therein described, which Supplement(s) to Chattel Mortgage is (are) dated and has (have) been duly recorded with the Interstate Commerce Commission as set forth below, to wit:

<u>Date</u>	<u>Hour</u>	<u>Recordation No.</u>
-------------	-------------	------------------------

WHEREAS, the Company is the legal and beneficial owner, free and clear of all mortgages, security interests, liens, charges and encumbrances, other than the lien of the Original Mortgage, of the additional railroad Box Cars and/or Flat Cars hereinbelow described, and desires to execute and deliver this Supplement to Chattel Mortgage for the purpose of specifically subjecting said additional railroad Box Cars and/or Flat Cars to, and of confirming, the lien of the Original Mortgage;

NOW, THEREFORE, THIS INSTRUMENT WITNESSETH that, to secure the payment of the loan made and the performance of the covenants in the Loan Agreement and the Original Mortgage contained and for the purpose of specifically subjecting such property to, and of confirming, the lien of the Original Mortgage, the Company does hereby grant, bargain, sell, transfer, convey and mortgage unto the Mortgagee, its successors and assigns, and gives to the Mortgagee a security interest in, the following described property, to wit:

EQUIPMENT

<u>Quantity</u>	<u>A.A.R. Car Type Code</u>	<u>Identifying Marks</u>	<u>Serial Numbers</u>
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together with all attachments, accessories, accessions and additions now or hereafter attached to or placed upon the aforesaid Equipment, and any replacements thereof.

TO HAVE AND TO HOLD all and singular the property aforesaid unto the Mortgagee, its successors and assigns, as security as aforesaid and for the uses and purposes and subject to the covenants, agreements, provisions and conditions set forth in the Original Mortgage.

This instrument shall be construed as supplemental to the Original Mortgage and shall form a part thereof, and the Original Mortgage and each Supplement to Chattel Mortgage heretofore executed and delivered, which are hereby, by reference, incorporated herein, are hereby ratified, approved and confirmed.

This instrument may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same Supplement to Chattel Mortgage.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, the day, month, and year first above written.

ST. MARYS RAILROAD COMPANY,
Mortgagor

[Seal]

Attest:

By _____
Title:

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
as mortgagee for the benefit
of the Lenders referred to
herein

[Seal]

Attest:

By _____
Title:

STATE OF NEW YORK)
 : ss.:
 COUNTY OF NEW YORK)

On the day of , 19 , before me personally
 came , to me known, who, being by
 me duly sworn, did depose and say that he resides at
 ; that he is of St.
 Marys Railroad Company, one of the corporations described in
 and which executed the foregoing instrument; that he knows
 the seal of said corporation; that the seal affixed to said
 instrument is such corporate seal; that it was so affixed by
 order of the Board of Directors of said corporation; and
 that he signed his name thereto by like order.

[Seal]

Notary Public

STATE OF NEW YORK)
 : ss.:
 COUNTY OF NEW YORK)

On the day of , 19 , before me per-
 sonally came , to me known, who, being by
 me duly sworn, did depose and say that he resides at
 ; that he is a of the
 Chase Manhattan Bank (National Association), one of the cor-
 porations described in and which executed the foregoing
 instrument; that he knows the seal of said corporation; that
 the seal affixed to said instrument is such corporate seal;
 that it was so affixed by order of the Board of Directors of
 said corporation; and that he signed his name thereto by
 like order.

[Seal]

Notary Public